

The seal of the Auditor of State of Ohio is a large, circular watermark centered on the page. It features a sun rising over a landscape with fields and a river. The text "THE SEAL OF THE AUDITOR OF STATE OF OHIO" is written around the perimeter of the seal.

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2014



Dave Yost • Auditor of State

**NORTHERN PICKAWAY COUNTY JOINT
ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northern Pickaway County Joint Economic Development District
Pickaway County
350 Lawnwood Drive
Circleville, Ohio 43113

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Northern Pickaway County Joint Economic Development District, Pickaway County, Ohio (the District), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Northern Pickaway Joint Economic Development District, Pickaway County, Ohio, as of December 31, 2014, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 19, 2015

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

The management's discussion and analysis of the Northern Pickaway County Joint Economic Development District (the "District") financial performance provides an overall review of the District's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The total net position of the District was \$397,048 at December 31, 2014, which represents an increase of \$116,578 compared to 2013.
- Total governmental activities revenues were \$224,970, all of which were general revenues, and total expenses were \$108,392.
- The general fund had revenues of \$229,259 and expenditures of \$108,392 in 2014. The general fund's fund balance increased from \$276,181 to \$397,048 during the year.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the District as a whole, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. All activities of the District are reported in the General Fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2014?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, deferred inflows and outflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The District's statement of net position and statement of activities can be found on pages 7 - 8 of this report.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All activities of the District are reported in the General Fund.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 13 - 20 of this report.

Government-Wide Financial Analysis

The table below provides a summary of the District's assets, liabilities and net position for 2014 and 2013:

| | Governmental Activities | |
|-------------------------------|----------------------------|-------------------|
| | <u>2014</u> | <u>2013</u> |
| <u>Assets</u> | | |
| Current and other assets | \$ <u>407,218</u> | \$ <u>353,481</u> |
| <u>Liabilities</u> | | |
| Current and other liabilities | <u>10,170</u> | <u>73,011</u> |
| <u>Net position</u> | | |
| Unrestricted | <u>\$ 397,048</u> | <u>\$ 280,470</u> |

Over time, net position can serve as a useful indicator of a government's financial position. At year-end, net position was \$397,048 for the governmental activities, all of which is unrestricted. This is the amount by which assets (cash and cash equivalents and income taxes receivable) exceeded liabilities (accounts and intergovernmental payables) at December 31, 2014.

The following table provides a summary of the District's change in net position for its governmental activities for 2014 and 2013.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Change in Net Position

| | Governmental Activities | |
|-----------------------------------|----------------------------|-------------|
| | <u>2014</u> | <u>2013</u> |
| Revenues | | |
| General revenues: | | |
| Income taxes | \$ 222,830 | \$ 137,729 |
| Investment earnings | 2,140 | 965 |
| Total general revenues | 224,970 | 138,694 |
| Total revenues | 224,970 | 138,694 |
| Expenses: | | |
| Administration | 7,820 | 14,111 |
| Intergovernmental | 100,572 | 61,384 |
| Total expenses | 108,392 | 75,495 |
| Change in net position | 116,578 | 63,199 |
| Net position at beginning of year | 280,470 | 217,271 |
| Net position at end of year | \$ 397,048 | \$ 280,470 |

Governmental Activities

Revenues of \$224,970 exceeded expenses of \$108,392 resulting in an increase in net position of \$116,578. Income taxes revenue increased significantly due to an increase in the number of companies located within the District. The overall increase in expenses is a result of additional intergovernmental expenses, which are the District's payments to participating governments for approved project expenses, in accordance with the JEDD agreement.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at year-end.

The District's governmental fund (as presented on the balance sheet on page 9) reported a fund balance of \$397,048 which is \$120,867 above last year's total of \$276,181. Unassigned fund balance at December 31, 2014 was \$20,376.

General Fund

The District's general fund balance increased \$120,867. The table that follows assists in illustrating the revenues and expenditures of the general fund.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)**

| | <u>2014</u> <u>Amount</u> | <u>2013</u> <u>Amount</u> | <u>Percentage</u> <u>Change</u> |
|----------------------------|------------------------------|------------------------------|------------------------------------|
| <u>Revenues</u> | | | |
| Income taxes | \$ 227,119 | \$ 133,440 | 70.20 % |
| Earnings on investments | <u>2,140</u> | <u>965</u> | 121.76 % |
| Total revenues | <u>\$ 229,259</u> | <u>\$ 134,405</u> | 70.57 % |
| <u>Expenditures</u> | | | |
| Administration | \$ 7,820 | \$ 14,111 | (44.58) % |
| Intergovernmental | <u>100,572</u> | <u>61,384</u> | 63.84 % |
| Total expenditures | <u>\$ 108,392</u> | <u>\$ 75,495</u> | 43.58 % |

Overall, both revenues and expenditures increased in 2014, as discussed on the previous page. Administration expenditures consist of various fees; income tax collection, legal, finance and Board. Intergovernmental expenditures consist of amounts paid to the City of Columbus, the Village of Ashville and Harrison Township per the JEDD agreement.

Budgeting Highlights

The District's budget is prepared according to the agreement between the County and the City and is based upon accounting for all transactions on a basis of cash receipts and disbursements.

The original 2014 budget was not amended during the year. The budgeted receipts of \$135,000 consisted of income tax collections. Actual budget-basis revenues for the year were \$85,905 higher than budgeted due to an increase in companies located within the District.

Total expenditures were budgeted at \$135,000 while actual budget-basis expenditures were \$171,233. This variance is a result of an increase in payments made to JEDD participants.

Current Issues

The challenge for all Joint Economic Development Districts is to provide quality services to the businesses residing within the boundaries of the district while staying within sometimes an unpredictable amount of revenues. The Board of Directors is continuously assessing not only the current needs of the businesses but also the future needs of current and future businesses.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Nanisa Osborn, Fiscal Officer, 350 Lawnwood Drive, Circleville, Ohio 43113.

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF NET POSITION
DECEMBER 31, 2014

| | | <u>Governmental Activities</u> |
|--|----|------------------------------------|
| Assets: | | |
| Equity in pooled cash and cash equivalents . . . | \$ | 8,538 |
| Cash with fiscal agent | | 384,073 |
| Receivables: | | |
| Income taxes | | 14,607 |
| | | <hr/> |
| Total assets | | 407,218 |
| | | <hr/> |
| Liabilities: | | |
| Accounts payable. | | 2,768 |
| Due to other governments | | 7,402 |
| | | <hr/> |
| Total liabilities | | 10,170 |
| | | <hr/> |
| Net position: | | |
| Unrestricted | | 397,048 |
| | | <hr/> |
| Total net position | \$ | <u>397,048</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Governmental Activities |
|---|------------------------------------|
| Expenses: | |
| Current: | |
| Administration | \$ 7,820 |
| Intergovernmental | 100,572 |
| Total program expenses | 108,392 |
| Revenues: | |
| General revenues: | |
| Income taxes | 222,830 |
| Earnings on investments | 2,140 |
| Total general revenues | 224,970 |
| Change in net position | 116,578 |
| Net position at beginning of year | 280,470 |
| Net position at end of year | \$ 397,048 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2014

| | | General |
|---|----|----------------|
| Assets: | | |
| Equity in pooled cash and cash equivalents | \$ | 8,538 |
| Cash with fiscal agent. | | 384,073 |
| Receivables: | | |
| Income taxes. | | 14,607 |
| Total assets | | 407,218 |
| Liabilities: | | |
| Accounts payable. | | 2,768 |
| Due to other governments. | | 7,402 |
| Total liabilities | | 10,170 |
| Fund balance: | | |
| Committed for administration distribution | | 41,664 |
| Committed for partner investment distribution | | 335,008 |
| Unassigned | | 20,376 |
| Total fund balance. | \$ | 397,048 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | | General |
|--|-----------|----------------|
| Revenues: | | |
| Income taxes | \$ | 227,119 |
| Earnings on investments | | 2,140 |
| Total revenues | | 229,259 |
| Expenditures: | | |
| Current: | | |
| Administration | | 7,820 |
| Intergovernmental | | 100,572 |
| Total expenditures. | | 108,392 |
| Net change in fund balance | | 120,867 |
| Fund balance at beginning of year | | 276,181 |
| Fund balance at end of year | \$ | 397,048 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

| | | |
|---|-----------|-----------------------|
| Net change in fund balance - total governmental funds | \$ | 120,867 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds. | | |
| Delinquent income taxes | | (4,289) |
| Change in net position of governmental activities | \$ | <u>116,578</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Income taxes | \$ 135,000 | \$ 135,000 | \$ 218,765 | \$ 83,765 |
| Earnings on investments. | - | - | 2,140 | 2,140 |
| Total revenues | <u>135,000</u> | <u>135,000</u> | <u>220,905</u> | <u>85,905</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Administration | 16,099 | 16,099 | 8,875 | 7,224 |
| Intergovernmental | 118,901 | 118,901 | 162,358 | (43,457) |
| Total expenditures | <u>135,000</u> | <u>135,000</u> | <u>171,233</u> | <u>(36,233)</u> |
| Net change in fund balances | - | - | 49,672 | 49,672 |
| Fund balance at beginning of year. | <u>342,939</u> | <u>342,939</u> | <u>342,939</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 342,939</u> | <u>\$ 342,939</u> | <u>\$ 392,611</u> | <u>\$ 49,672</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 - DESCRIPTION OF THE DISTRICT

The Northern Pickaway County Joint Economic Development District, Pickaway County, Ohio, (the "District") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District was formed in accordance with Ohio Revised Code (ORC) Sections 715.72 through 715.81 as a result of an agreement between the City of Columbus, the Village of Ashville and the Township of Harrison, Pickaway County, Ohio (hereafter the "JEDD Parties", each a "JEDD Party"). The District is directed by a four member Board of Directors. The District's purpose is to promote economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, City of Columbus, Village of Ashville, Harrison Township and the District. The District's geographic area is located entirely in Harrison Township, Ohio and the primary source of revenue is a tax on income earned in the District.

In accordance with Section 715.74(C)(2) of the ORC, the Board has entered into an agreement with the City of Columbus to administer, collect and enforce the income tax on behalf of the District (the "Tax Agreement"). The Tax Agreement provides that the Columbus City Auditor shall be the Administrator of the income tax of the District (the "Administrator"), who shall be responsible for the receipt and safekeeping of the income tax receipts collected within the District.

The District's management believes these financial statements present all activities for which the District is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government. District activities generally are financed through a tax on income earned in the District.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The statement of net position presents the financial condition of the governmental activities of the District at year end. The statement of activities compares expenses with program revenues for each of the District's activities. Expenses are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program revenues include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational requirements of a particular program and revenues of interest earned on grants that is required to be used to support a particular program. General revenues are all receipts not classified as program revenues, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the District's general revenues. The District did not have any program revenues.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. All activities of the District are reported in the General Fund.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. Governmental fund assets less liabilities and deferred inflows of resources is reported as fund balance. All activities of the District are reported in the General Fund.

The District has no proprietary or fiduciary funds.

C. Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation, where applicable, with brief explanations to better identify the relationship between the government-wide statements and the financial statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures.

Revenues - Nonexchange Transactions - Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes income taxes. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. For the District, available means expected to be received within sixty days of year-end.

Under the modified accrual basis, income taxes revenue is considered to be both measurable and available at year end.

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period.

The District has no deferred inflows or deferred outflows of resources at December 31, 2014.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Data

The Ohio Revised Code does not require the District to budget annually. However, the bylaws governing the District require the District to adopt by November 15 of each fiscal year an annual budget and annual appropriations for the next fiscal year. Management prepares an annual budget for internal monitoring and compliance with the bylaws.

F. Cash and Cash Equivalents

The District's fund balances are maintained by the City of Columbus as Administrator for the District and in a demand deposit account maintained by the District.

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The District classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The District had no nonspendable fund balance at December 31, 2014.

Restricted - Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws of regulations of other governments; or is imposed by law through constitutional provisions. The District had no restricted fund balance at December 31, 2014.

Committed - The Board can *commit* amounts via formal action (resolution). The District must adhere to these commitments unless the Board amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements. The District had committed fund balance at December 31, 2014 for amounts collected and available for distribution in accordance with provisions outlined in the District's formation contract adopted by the JEDD Parties.

Assigned - Assigned fund balances are intended for specific purposes, but do not meet the criteria to be classified as *restricted* or *committed*. In the general fund, *assigned* amounts represent intended uses established by the Board delegated that authority by resolution, or by State Statute. The District had no assigned fund balance at December 31, 2014.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not included in other classifications.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District had no restricted net position at December 31, 2014.

I. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2014, the District has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the District.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the District.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 4 - DEPOSITS

The ORC prescribes allowable deposits of the District. The carrying amount of deposits at December 31, 2014 was \$392,611. The breakdown of the District's deposits follows:

| | |
|---|-------------------|
| Maintained by the City of Columbus as Administrator for the District | \$ 384,073 |
| Demand deposit account | <u>8,538</u> |
| Total cash and cash equivalents | <u>\$ 392,611</u> |

Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of December 31, 2014, \$134,073 of the District's bank balance of \$392,611 was exposed to custodial risk as discussed below, while \$258,538 was covered by the Federal Deposit Insurance Corporation (the "FDIC").

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

NOTE 5 - LOCAL INCOME TAX

In accordance with Section 715.74(C) of the ORC, the District levies an income tax on substantially all earned income arising from employment or business activities within the District. During 2014, the income tax rate was 2.5%. The rate of the income tax will change from time to time so that it is equal to the income tax rate being levied by the City of Columbus.

Employers within the District withhold income tax on employee compensation and remit the tax to the City of Columbus as Administrator for the District. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually with the City of Columbus.

On the first business day of each quarter, the Administrator provides the District with an amount sufficient to pay the outstanding or expected expenses of the operation of the District for that quarter (including, but not limited to, the expense of administering the income tax pursuant to the Tax Agreement) in accordance with the budget and the appropriations resolution (as amended from time to time) of the Board, which amount shall not exceed 12.5% of the income tax revenues for that calendar year. For the month of January 2014, the District received 11.538% of the 12.5% charged for administrative costs and the City of Columbus received 0.962%. For the rest of 2014, the District received 11.682% and the City of Columbus received 0.818%.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 5 - LOCAL INCOME TAX - (Continued)

Net tax receipts in excess of the 12.5% administrative costs above shall be divided and deposited equally into two accounts: 43.75% to the Partner Proceeds account and the 43.75% to the Partner Investment Reimbursement account.

Net tax receipts (and any investment earnings) deposited into the Partner Proceeds account is paid and remitted no less frequently than annually to the JEDD Parties as follows: 70% to the City of Columbus, 15% to the Village of Ashville and 15% to Harrison Township. The monies so paid or remitted to the JEDD Parties shall be used by each JEDD Party for the purposes of the District and for the purposes of the JEDD Parties in accordance with Revised Code 715.74(C)(1).

Net tax receipts (and any investment earnings) deposited into the Partner Investment Reimbursement account shall be paid and remitted no less frequently than annually as follows:

1. The Partner Investment Reimbursement account shall continue to exist until the JEDD Parties have been reimbursed for capital improvement projects made on behalf of and authorized by the District or any other related joint economic development districts. Capital improvement projects to be paid from the Partner Investment Reimbursement account specifically include, but are not limited to, those projects undertaken pursuant to the Annexation Moratorium Agreement. If at any point this account is no longer needed, all receipts generated through the income tax shall be deposited in the Partner Proceeds account.
2. The JEDD Parties shall develop a capital improvement plan for the District that shall detail the initial infrastructure required to support the District and identify the JEDD Party that has agreed to provide such infrastructure. The capital improvement plan shall also identify infrastructure improvements made or in the process of being made prior to the establishment of the District for which a JEDD Party is to be reimbursed.
3. The District Board, in consultation with the JEDD Parties, shall update the District's capital improvement plan on a frequency to be determined by the Board, but no less frequently than every five years.
4. Each JEDD Party shall be reimbursed for all project costs expended in accordance with the approved capital improvement plan.
 - a) While it is understood that each JEDD Party will likely need to finance its projects, no financing costs, as defined in ORC 133.01(K), are reimbursable. Each JEDD Party shall bear its own financing expense.
 - b) The City of Columbus shall not seek reimbursement for project costs which are recovered through front foot fees paid to its water or wastewater utility. In addition, no JEDD Party will seek reimbursement for project costs that will be recovered or reimbursed through other sources such as developer assistance or reimbursement payments, or revenues from tax increment financing.
 - c) Any federal or State grant funds obtained on behalf of a JEDD Party and/or the District shall be used to reduce the total cost for infrastructure investment required by the JEDD Party and are not eligible for reimbursement.

**NORTHERN PICKAWAY COUNTY
JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - LOCAL INCOME TAX - (Continued)

5. On an annual basis, each JEDD Party shall submit to the Board documentation for authorized capital improvement project costs incurred by the JEDD Party during the prior year.
6. To the extent monies are available within the Partner Investment Reimbursement account the Board shall remit annually payment to each respective JEDD Party for documented expenses. The JEDD Parties assume that the receipts to this fund will not be adequate to meet the reimbursement expenses on an annual basis. All expenses not reimbursed the first year submitted shall be carried forward to future years until paid to the respective JEDD Party in proportion to the outstanding amounts owed to those parties.

NOTE 6 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis is based upon accounting for transactions on a basis of cash receipts and disbursements. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis); and,
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

The following table reconciles the change in fund balance reported in the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statement for the general fund.

Net Change in Fund Balance

| | | <u>General</u> |
|---|----|-----------------|
| Budget basis | \$ | 49,672 |
| Reversal of prior year revenue accruals | | (6,253) |
| Current year revenue accruals | | 14,607 |
| Reversal of prior year expenditure accruals | | 73,011 |
| Current year expenditure accruals | | <u>(10,170)</u> |
| GAAP basis | \$ | <u>120,867</u> |

NOTE 7 - SUBSEQUENT EVENT

Effective February 1, 2015, the collection fee charged by the City of Columbus was increased from 0.818% to 0.975% of the 12.5% charged for administrative costs. The amount the District received was decreased from 11.682% to 11.525%.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Northern Pickaway County Joint Economic Development District
Pickaway County
350 Lawnwood Drive
Circleville, Ohio 43113

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Northern Pickaway County Joint Economic Development District, Pickaway County, Ohio (the District) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 19, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 19, 2015



Dave Yost • Auditor of State

**NORTHERN PICKAWAY COUNTY JOINT ECONOMIC DEVELOPMENT DISTRICT
PICKAWAY COUNTY**

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 15, 2015**